

# Commissioner Stewart Fines State Farm Insurance \$150,000

Dover – As a result of a recently completed Market Conduct Examination performed by The Delaware Department of Insurance (DDOI), State Farm Fire and Casualty Company has been ordered to review its protocols regarding the application of underwriting guidelines for Delaware's coastal region and adjusts the language included in non-renewal notices distributed by the company.

Following State Farm's decision to not renew 509 of its more than 127,000 property policies in Delaware, DDOI conducted a Market Conduct Examination to ensure the company was acting within Delaware insurance laws and regulations related to property insurance under Title 18 Insurance Code, Chapter 41.

The Market Conduct Examination determined there was no unfair discrimination in State Farm's underwriting decisions. However, the report did find that the non-renewal notices did not contain all the statutorily required information for consumers. As a result, State Farm will pay a \$150,000.00 penalty, suspend coastal non-renewals for a period of 3 years (starting November 1, 2012) and agree to include additional information on future coastal non-renewal notices. Upon completion of the market conduct examination, Commissioner Stewart stated, **"Our mission at the department emphasizes our role as a consumer protection agency. A resolution such as this, demonstrates our commitment to safeguarding Delawareans from any unfair insurance practices. I am extremely happy with this outcome."**

Under an agreement between DDOI and State Farm, the company will:

- review its procedures to ensure that the cancellation or

non-renewal notice contains information advising the insured that the insured may file a written complaint about the cancellation with the DDOI,

- review its procedures to ensure the specific reason for non-renewal is provided on non-renewal notices,
- review its procedures regarding accepting and writing new business that may be contrary to its established underwriting guidelines, and
- review its procedures regarding maintaining correct and complete property addresses to ensure underwriting decisions based on location are applied fairly and consistently.

**“We take our responsibilities to Delaware customers very seriously. Along with our responsibility to help our customers manage the risks of everyday life, we also have an obligation to provide timely information on non-renewals, including the reasons behind our business decisions that impact our policyholders, and their options while facing a non-renewal,”** said State Farm’s Public Affairs Specialist Anna Bryant. “We worked with the Delaware Department of Insurance during this examination and reached an outcome that protects Delaware consumers and allows State Farm to manage its business effectively.”

The Delaware Department of Insurance Market Conduct Examination covered the experience period of January 1, 2009-November 1, 2011, and included a review of complaint handling, non-renewal practices, new business issued and in-force business.

State Farm Fire and Casualty Company is a member of the State Farm Holding Company Group and is a wholly owned subsidiary of State Farm Mutual Automobile Insurance Company, the nation’s largest automobile insurer. The State Farm Holding Company offers multiple lines multiple lines of property, casualty and life and health insurance throughout the U.S. State Farm Fire’s corporate offices are located in Bloomington, Ill.

State Farm has more than 60 agents in Delaware.